

The State: Boeing plant could boost state's defense industry

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Boeing plant could boost state's defense industry

By CHUCK CRUMBO

ccrumbo@thestate.com

Boeing's decision to build an assembly plant in South Carolina for its new 787 Dreamliner could spark development of the state's defense industry.

While the Dreamliner is a commercial aircraft, state business and political leaders note Boeing also has a long history of building planes for the military.

"This could be a breakthrough on the defense side," said U.S. Sen. Lindsey Graham, R-S.C. "It's not a big leap to think people on the defense side of aviation, and just contracting in general, will look at South Carolina differently now."

Boeing said last month it would build a second assembly line for the Dreamliner in North Charleston. The decision came after the state Legislature moved to offer Boeing an estimated \$450 million tax incentive package to lure the Chicago-based manufacturer. The company broke ground on the site on Friday.

Graham, familiar with the aircraft maker as a member of the Senate Armed Services Committee, helped bring Boeing and state leaders together to hammer out the Boeing deal, expected to create 3,800 new jobs.

Boeing also builds military planes, some based on its commercial jetliner models. It is competing for a \$35 billion contract to build a new fleet of refueling tankers for the Air Force.

The Air Force's current fleet consists of half-century-old KC-135s, which are variations of the Boeing 707, and the 1980s-era KC-10, based on the McDonnell Douglas DC-10 passenger airliner.

The initial contract will be for 179 planes, though the Air Force eventually needs to replace its entire fleet of about 600 tankers. The deal ultimately could be worth \$100 billion, one of the largest contracts in Pentagon history.

U.S. Rep. Joe Wilson, R-S.C., a member of the House Armed Services Committee, says the Dreamliner deal could bolster the state's military industry.

"My view of Boeing is that essentially it is virtually inseparable between the civilian and military," Wilson said. "If you can have one, you have a very good opportunity to open the door for the next."

In North Charleston, Boeing already owns the factory that makes pieces of the 787's fuselage and has part-ownership of another fuselage plant nearby.

Company spokesman Damien Mills said last week the plane maker has "no plans at this time for defense-related activities to be performed at the Boeing Charleston facility."

While the Dreamliner might someday be modified for use as a refueling tanker, "we cannot speculate about where - or if - a 787 tanker might be built," Mills added.

Boeing already has ties to the Charleston Air Force Base. Mills said Boeing has a "great relationship" with that base, adding company employees help train flight crews for Boeing-made C-17s that fly out of Charleston and provide technical help.

TOUTING VETERANS

South Carolina has a ready-made work force for the defense industry, officials say.

The state's more than 400,000 military retirees and veterans could help draw defense contractors, especially those involved in airplane manufacturing, officials said.

Hundreds of airmen and Marines from military bases in Eastover, Sumter, Charleston and Beaufort retire or leave the service every year, and many decide to settle in South Carolina. Some have held jobs as maintainers, technicians, jet engine mechanics and pilots.

"The military retirement community for us is a gold mine," said Wilson, of Lexington County. "These are talented people. Many have retired and are seeking a second or third career."

While attracting Boeing could boost the state's military industry, the state also could spur jobs growth by promoting smaller companies that do military-related research and development.

Congress has approved about \$200 million worth of Defense Department earmarks for S.C. companies.

Targeting businesses that employ 50 to 100 workers could be a key to growing the area's economy, rather than pinning hopes on getting a big manufacturer like Boeing, said Kim Statler, executive director of Lowcountry Economic Network & Alliance, a public-private business recruiting agency.

"The key to our success is to better maximize our assets," Statler said, citing the area's relatively low taxes, business-friendly environment and well-trained work force.

Among the small S.C. companies doing defense work is Beaufort-based XRD, which received a \$2.2 million appropriation, sponsored by Graham. The company is researching lightweight engines that can be used on drones, which the Air Force calls "unmanned aerial vehicles," or UAVs for short.

XRD is developing an engine that burns heavy fuels like JP-8, a fuel used by the military to power everything from fighter jets to generators. Using the fuel to power lightweight UAVs instead of higher-priced lighter fuels, like gasoline, would save taxpayers money.

Developing the UAV program also is getting plenty of attention from the Pentagon because the drones cost considerably less than airplanes and don't require pilots to risk their lives.

XRD, though, is a long way from being a Boeing. It employs only 11 workers, a spokeswoman said.

The Beaufort area has about a half-dozen similar-sized firms involved in defense research and development, Statler said.

Statler says Beaufort hopes to draw more aeronautical research firms because of its location - between Charleston and Savannah, home of a Gulfstream Corp. plane manufacturing plant.

While leaders say the Boeing deal can lead to more industrial development, the onus will be on South Carolina to prove it's a good place to do business.

"We've got to prove our value," Graham said. "We've gone from Triple-A ball to the Major Leagues now. We have to prove to Boeing, and maybe other people, that South Carolina can deliver."